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9 BEFORE THE DEPARTMENT OF CORPORATIONS
 10 OF THE STATE OF CALIFORNIA

12 In the Matter of the Accusation of THE)	Case No.: 603-8232; 603-9314
13 CALIFORNIA CORPORATIONS)	
13 COMMISSIONER,)	ACCUSATION
14)	
14 Complainant,)	
15)	
15 vs.)	
16)	
17 INSTAFI.COM formerly known as AXIOM)	
17 MORTGAGE, INC.,)	
18)	
18 Respondent.)	

20 The Complainant is informed and believes, and based upon such information and belief,
 21 alleges and charges Respondent as follows:

22 I

23 Respondent Instafi.Com formerly known as Axiom Mortgage, Inc. (“Instafi”) is a finance
 24 lender licensed by the California Corporations Commissioner (“Commissioner”) pursuant to the
 25 California Finance Lenders Law of the State of California (California Financial Code § 22000 et
 26 seq.) (“CFL”). Instafi currently holds two licenses issued under the CFL for locations at 2600
 27 Michelson Drive, Suite 300, Irvine, California and 10650 West Charleston Boulevard, Summerlin,
 28 Nevada.

II

On or about December 26, 2003, the Department of Corporations (“Department”) received a letter from InstaFi, dated December 19, 2003, stating that it had ceased doing business effective immediately and was applying to surrender its license. At that time, the Department had 35 consumer complaints pending against InstaFi, none of which had been responded to or resolved by InstaFi. About that time, the Department also started receiving telephone calls from borrowers or potential borrowers stating that they could not get hold of InstaFi to discuss their loans or pending loan applications. The Department immediately began attempting to contact InstaFi and was able to get in touch with the president of InstaFi. At that time, the Department was informed that the business had in fact been closed abruptly and that there were approximately 200 loans in progress. The information from InstaFi indicated that all pending loans had been transferred to Greenlight Financial Services, however, communications with Greenlight Financial Services indicated that not all pending loans had been transferred to that company.

Based upon the information received by the Department, it was determined that it was necessary to obtain certain information from InstaFi in order to adequately protect the public and borrowers of InstaFi and ensure an orderly wind down of the business. Accordingly, on January 5, 2004, a written order was directed to InstaFi requiring a special report pursuant to California Financial Code section 22159(b) be submitted to the Commissioner by January 7, 2004 concerning (i) consumer communications, (ii) loans yet to be completely processed, (iii) the steps InstaFi was taking to complete transactions, (iv) contact number for use by the Department, (v) process being used to address all pending files, (vi) complaint list since November 1, 2003 and resolutions, and (vii) description of InstaFi’s loan funding process.

As of January 7, 2004, InstaFi had submitted all the information required by the order except the complaint list.

The Department also became concerned with the status of the InstaFi trust account, and based thereon, on January 8, 2004, began requesting certain information regarding the trust account, including a reconciliation with the outstanding check list and the escrow liability, to include the list

of escrows or borrowers and the corresponding dollar amounts held for each. Instafi represented that the information would be submitted to the Department by January 13, 2004.

As of January 20, 2004, the Department had still not received the trust account information from Instafi. Accordingly, on January 20, 2004, a written order was directed to Instafi requiring a special report pursuant to California Financial Code section 22159(b) be submitted to the Commissioner, to include the following:

1. A bank reconciliation as of December 31, 2003 (or November 30, 2003, if a reconciliation as of December 31, 2003 is not available) for the trust account maintained at Comerica Bank. The reconciliation must include an outstanding checklist with the date, amount and payee of each outstanding check.
2. A listing of the escrow liability as of December 31, 2003 that pertains to the trust funds maintained at Comerica Bank. The listing of the escrow liability should include the escrow number, the parties involved in the escrow and the balance remaining in the escrow.
3. The steps Instafi is taking or how it intends to complete transactions that have not been completed.
4. The list of complaints not previously submitted.
5. A written statement confirming previous verbal statements that Instafi is not currently holding any funds, i.e., appraisal fees, rate lock fees, credit report fees and/or “shortage funds”, collected from consumers relating to loans that were not made.

Due to the urgent nature of the matter, the order required that the special report be submitted no later than close of business, January 21, 2004. As of the deadline, Instafi had not submitted the information required by the January 20, 2004 order. The requested information is necessary to protect consumers and adequately address the pending concerns regarding Instafi’s abrupt closure.

III

California Financial Code section 22150 provides:

The commissioner may make general rules and regulations and specific rulings, demands, and findings for the enforcement of this division, in addition to, and within the general purposes of, this division.

1 California Financial Code section 22159(b) provides:

2 A licensee shall make other special reports that may be required by
3 the commissioner.

4 IV

5 California Financial Code section 22714 provides in pertinent part:

6 (a) The commissioner shall suspend or revoke any license, upon notice
7 and reasonable opportunity to be heard, if the commissioner finds any of the
8 following:

9 (1) The licensee has failed to comply with any demand, ruling or requirement of the
10 commissioner made pursuant to and within the authority of this division.

11 (2) The licensee has violated any provision of this division or any rule or regulation
12 made by the commissioner under and within the authority of this division.

13 V

14 Complainant finds that, by reason of the foregoing, Respondent InstaFi has failed to comply
15 with a demand of the Commissioner and has violated Section 22159(b) of the Financial Code and
16 based thereon, sufficient grounds exist to revoke the finance lender licenses of InstaFi.

17 WHEREFORE, IT IS PRAYED that the finance lender licenses of Respondent InstaFi be
18 revoked.

19 Dated: January 23, 2004
20 Los Angeles, CA

21 WILLIAM P. WOOD
22 California Corporations Commissioner

23 By _____
24 Judy L. Hartley, Senior Corporations Counsel
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